

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6259**

**BILL NUMBER:** SB 106

**NOTE PREPARED:** Nov 23, 2010

**BILL AMENDED:**

**SUBJECT:** Computer Facility Property Tax Exemption.

**FIRST AUTHOR:** Sen. Charbonneau

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill provides that a taxpayer qualifies for the property tax exemption for a data warehouse if the taxpayer is either a lessor or lessee and the lessor and all lessees together invest at least \$10 M at the facility or data center. It provides that the exemption applies to the originally purchased enterprise information technology equipment and all additions to and replacements of the equipment.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** Under current law, a county or municipal fiscal body may, before January 1, 2013, grant a property tax exemption for new enterprise information technology equipment owned by an eligible business. The term of the exemption may extend beyond 2012 in accordance with the required agreement between the designating body and eligible business.

Current law defines enterprise information technology equipment as:

- (1) hardware supporting computing, networking, or data storage function, including servers and routers;
- (2) networking systems having an industry designation as equipment within the "enterprise" or "data center" class of networking systems that support the computing, networking, or data storage

functions; and

(3) generators and other equipment used to ensure an uninterrupted power supply to such hardware and networking systems.

Under this bill, additions to, and replacement of, the original equipment would also qualify as enterprise information technology equipment.

Current law also defines an eligible business as an entity that meets the following requirements:

- (1) the entity is engaged in a business that operates one or more facilities dedicated to computing, networking, or data storage activities;
- (2) the entity is located in a facility or data center in Indiana;
- (3) the entity invests in the aggregate at least \$10 M in personal property and real property in Indiana after June 30, 2009; and
- (4) the average employee wage of the entity is at least 125% of the county average wage for each county in which the entity conducts business operations.

Under this bill, the \$10 M investment requirement would be satisfied if the business entity is either a lessor or lessee at the facility and the total investment by all lessees and lessors at the facility is at least \$10 M.

This bill could expand the number of entities that could eventually qualify for enterprise information technology equipment exemptions. The granting of any exemption under this bill would be a local decision. The exemption of newly acquired property would not affect the existing tax base. If there is an increase in development because of the exemption, then other property could be added to the tax base. If the exemption period set locally is shorter than the life of the property, then the value of the enterprise information technology equipment could eventually be added to the tax base. However, if one assumes that the investment would be made with or without the exemption, then the granting of the exemption under this bill could, during the exemption period, eliminate the normal shift of the property tax burden from all taxpayers to the owners of the new property that would have occurred.

**State Agencies Affected:**

**Local Agencies Affected:** County and municipal fiscal bodies; County auditors.

**Information Sources:**

**Fiscal Analyst:** Bob Sigalow, 317-232-9859.